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# Letter dated 23 September 2004 from the Chairman of the Security Council Committee established pursuant to resolution 1521 (2003) concerning Liberia addressed to the President of the Security Council

On behalf of the Security Council Committee established pursuant to resolution 1521 (2003) concerning Liberia, I have the honour to submit the midterm report of the Panel of Experts, which has been prepared in accordance with paragraph 2 of resolution 1549 (2004) (see annex).

In this connection, the Committee would appreciate it if the present letter together with its annex were brought to the attention of the members of the Security Council and issued as a document of the Council.

(*Signed*) Munir **Akram**
Chairman
Security Council Committee established pursuant
to resolution 1521 (2003) concerning Liberia

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**Annex**

## Letter dated 13 September 2004 from the Chairman of the Panel of Experts on Liberia addressed to the Chairman of the Security Council Committee established pursuant to resolution 1521 (2003) concerning Liberia

On behalf of the members of the Panel of Experts on Liberia, we have the honour to enclose the report of the Panel, prepared in accordance with paragraph 2 of Security Council resolution 1549 (2004).

Panel of Experts on Liberia

(*Signed*) Atabou **Bodian**
Chairman

(*Signed*) Arthur **Blundell**

(*Signed*) Damien **Callamand**

(*Signed*) Caspar **Fithen**

(*Signed*) Tommy **Garnett**

# Report of the Panel of Experts pursuant to paragraph 2 of Security Council resolution 1549 (2004) concerning Liberia

## I. Introduction

### General

1. Pursuant to Security Council resolution 1549 (2004) of 17 June 2004, the Secretary-General appointed a Panel of Experts on Liberia to undertake the tasks set out in paragraphs 1 and 2 of the resolution. Among other tasks, the Panel of Experts is to assess compliance with sanctions imposed by resolution 1521 (2003), on weapons, diamonds, timber products, and the travel of those people deemed a threat to lasting peace; sources of financing, such as from natural resources, for the illicit trade of arms; steps taken by the National Transitional Government of Liberia to establish an effective certificate of origin regime for trade in diamonds with a view to joining the Kimberley Process; and steps taken by the National Transitional Government to establish control over timber-producing areas and ensure that government revenues are not used to fuel conflict but for legitimate purposes for the benefit of the Liberian people. By its resolution 1549 (2004), the Council also decided that the Panel of Experts should monitor the implementation of the assets freeze imposed by resolution 1532 (2004), and the Council further requested that the Panel of Experts assess any humanitarian and socio-economic impact of the sanctions imposed by resolutions 1521 (2003) and 1532 (2004).

2. In response to a request from the Chairman of the National Transitional Government of Liberia, the Security Council decided (resolution 1549 (2004), para. 2) that the Panel should provide, within 90 days of the adoption of resolution 1549 (2004), a preliminary assessment of progress made in meeting the benchmarks established by the Security Council for the lifting of sanctions, particularly on diamonds and timber.

3. After preliminary work conducted in New York and elsewhere, the Panel travelled to Liberia during August 2004, and this report concludes the interim assessment on diamonds and timber. Pursuant to paragraph 2 of resolution 1549 (2004) the Panel will also present, by 10 December 2004, a final report covering the entire sanctions regime, including the arms embargo, the travel ban, the assets freeze, and the humanitarian and socio-economic impact of the sanctions.

### Basis for the sanctions regime

4. In 2001, the Security Council demanded that Liberia cease its role in the Sierra Leonean civil war (resolution 1343 (2001)). To compel Liberia to meet that demand, sanctions were imposed on arms, diamonds, and the travel of key individuals providing support to armed rebels. Unsatisfied with progress, the Council retained sanctions, by resolutions 1408 (2002) and 1478 (2003), and extended them to establish audit regimes and to ensure that revenues from shipping and timber were used for legitimate purposes (resolution 1408 (2002)). To further increase pressure, in July 2003, the Council extended sanctions to include timber (resolution 1478 (2003). By December 2003, the Council noted the changed circumstances in Liberia, in particular the departure of former President Taylor and the formation of the National Transitional Government of Liberia (resolution 1521 (2003)), but the Council remained concerned that the Comprehensive Peace Agreement was not

universally implemented and that the linkage between the exploitation of natural resources and the proliferation of arms might be a major source exacerbating conflict in West Africa. The Council therefore renewed the sanctions on arms, diamonds, timber, and the travel of key individuals and, further required all States to seize relevant assets of Taylor and his close associates (resolution 1532 (2004)).

5. In a statement to the press made on 10 June 2004, following the Council's midterm review of the sanctions on Liberia in accordance with resolution 1521 (2003), the President of the Council noted, inter alia, that the peace process in Liberia was still fragile and that the conditions for the lifting of sanctions were yet to be fully met.

## II. Liberia and regional stability

6. Although it is almost a year since the signing of the Comprehensive Peace Agreement, the future of Liberia remains uncertain. Corruption remains widespread, and the humanitarian situation is critical. There are serious concerns regarding food security — recently the World Food Programme almost ran out of relief supplies. Likewise, there are serious health concerns. Liberia still has no public electric, water and sewage utilities, even in the capital, Monrovia, where more than 1 million people live. Most border crossings remain under the control of the forces of Liberians United for Reconciliation and Democracy (LURD) and the Movement for Democracy in Liberia (MODEL). The United Nations Mission in Liberia (UNMIL) remains hampered by the Security Council mandate, which does not provide the Mission with the full executive authority that allows, for example, the arrest of those undermining peace or failing to disarm.

7. There are hopeful signs. UNMIL peacekeepers are fully deployed. Disarmament is proceeding calmly — over 70,000 have been registered as ex-combatants, having turned in more than 20,000 arms. Despite pockets of lawlessness, Liberia is now entirely at security Phase IV. As reported in paragraph 50 of the fourth progress report of the Secretary-General on UNMIL, as at 30 August 2004, the international community had delivered approximately 50 per cent of the funds promised at the United Nations Donors Conference on Liberia held in February 2004.

8. In summary, the overall security situation remains calm but unpredictable. Many ordinary Liberians, who did not wage war, are upset that attention and money are being focused on ex-combatants. In contrast, many ex-combatants remain upset that they have been abandoned by their former leaders, who are living comfortable lives in Monrovia. Although the process of disarmament, demobilization, rehabilitation and reintegration has been remarkably successful where it has occurred, it is not complete. People in rural areas anxiously await disarmament, demobilization, rehabilitation and reintegration, which they hope will increase local security. Likewise, many remain dissatisfied with corruption and criminality, and frustration has been expressed regarding the ineffectiveness of the Liberian police, especially when viewed in the light of the inability of the United Nations civilian police to make arrests. This frustration has led to a resurgence of mob justice, looting and illegal checkpoints. For the most part, UNMIL has been able to maintain order. However, the Mission's limited mandate undermines its ability to exert authority throughout Liberia.

## III. Timber

### Exports

9. Sanctions remain effective. During over-flights of Liberia's lowland forests, visits to the four ports, and on-the-ground assessments in Maryland, Grand Cape Mount and Nimba Counties, no evidence of widespread logging was detected. Limited pit sawing (processing logs using chainsaws) is occurring, presumably for the domestic market. But sanctions appear to have halted exports of timber.

10. There are persistent allegations in Monrovia that companies are exporting to Côte d'Ivoire and Guinea. However, investigations could not confirm these allegations. United Nations civilian police officers have been extremely helpful in monitoring the situation.

### Security

11. At present, security remains low in the forests. On visits to Harper, Robertsport, Yekepa and Saniquellie, local officials complained about the control extended by the rebel groups MODEL and LURD at border crossings. Even in regions where UNMIL is present, peacekeepers generally cannot engage in policing, as they do not have the mandate to arrest. This has led to looting despite the presence of UNMIL, for example, the Oriental Timber Corporation mill in Buchanan until March 2004, and the Maryland Wood Processing Industries mill in Harper from April 2004, both by MODEL fighters.

12. To provide security for the Forestry Development Authority (FDA), United Nations civilian police are providing training for about 180 FDA enforcement officers (half as forestry officers, half as protected area officers) to be completed by October 2004. FDA claims to operate forestry checkpoints at the major arteries leading into Monrovia. There is no record of fines or penalties being collected by FDA.

### Financial

13. Sanctions require that revenue from timber is not used to fuel conflict but for legitimate purposes for the benefit of the Liberian people. In resolution 1408 (2002), the Security Council originally requested an audit of the Forestry Development Authority. In June 2004, in preparation for a full financial and systems audit to be funded by the European Union, the Liberia Forest Initiative of the United States Government employed the Liberian firm Voscon to conduct a pre-audit of FDA. Voscon concluded that there was a complete lack of financial management systems at FDA. Voscon was unable to track revenue flows from the timber industry; FDA has no records of accounts receivable and payable, no registry of fixed assets, no petty cash system, no reconciliation of bank accounts, and has been collecting payroll taxes but not paying them. The European Union has decided not to proceed with its financial audit. A complete audit is useful to determine if and how funds were misappropriated and to ensure that this is not repeated, and to provide information for a review of taxes owed by logging concessionaires.

14. At present, FDA does not have a budget approved by the FDA Board of Directors. The National Transitional Government has not provided operating funds since April 2004, but did provide $350,000 to reopen the five FDA regional offices.

FDA purchased (on credit) VHF radios worth $19,000, and five pickup trucks. According to Voscon, $1,500 remained in FDA bank accounts as at 1 September 2004.

15. To correct the financial mismanagement, the Managing Director of FDA has agreed to appoint an independent firm to provide financial management, although funding has not yet been obtained.

**Progress**

16. In December 2003, the National Transitional Government produced a road map of the reforms necessary for sanctions to be lifted. The United States Embassy also organized a round table to provide stakeholder input on the road map. The table reports progress.

**Reform programmes for lifting timber sanctions**

| *Reform programmes* | *Description* | *Completed as at September 2004* |
|---|---|---|
| Building the capacity of the Forestry Development Agency | Appoint FDA Board of Directors | Yes |
| | Structure management, adequately compensate staff and provide logistics | Staff not paid since April 2004 |
| | Train field technicians and middle-level staff at a later date | No |
| | Prepare the terms of reference and commission an independent oversight committee with a mandate to raise community awareness, supervise and review non-governmental organizations and encourage sustainable forest management | No |
| | Request technical assistance for forest and financial management | Yes |
| Improving the transparency and accountability of the sector | Commissioning an audit of FDA | Voscon pre-audit revealed a lack of financial management; EU cancelled planned audit; Managing Director agreed to allow independent financial control system |
| | Establish a system for depositing all forestry revenues in accounts directed by the Ministry of Finance at the Central Bank of Liberia | Yes, all money to be paid to Central Bank |
| | Establish a system for funding FDA accounts with the Central Bank of Liberia based on budget allocation of quarterly transfer of funds from Government of Liberia accounts based on standing instruction | No, FDA operating funds are not budgeted by National Transitional Government; no funds from Government since April 2004 |

| *Reform programmes* | *Description* | *Completed as at September 2004* |
|---|---|---|
| | Design a system for separate receiving and disbursing of reforestation and conservation fees | Yes |
| | Establish a system of reporting and making information accessible to the public | Managing Director has agreed to set up a web site with United States assistance |
| | Set up an independent oversight committee | No |
| Concession review | Recall and review all existing concession agreements | Phase 2 complete, Phase 3 to begin soon |
| | Impose penalties on companies violating sanctions | No |
| | Prepare addendum to concession agreements reflecting conservation policies and environmental policies | No |
| Conduct a forest inventory | Ground-truthing field surveys and maps from GIS | No |
| | Determine the potential value of forest resources (timber and non-timber forest products) | No |
| | Provide information for monitoring, taxation and enforcement | No |
| Park protection and development | Reconstruction of Sapo Park infrastructure | No; Sapo Park has been invaded by thousands of illegal miners associated with MODEL |
| | Provide equipment and materials for park management | No |
| | Train and deploy park personnel | No, United Nations civilian police are training about 180 enforcement officers |
| Mobilize technical and financial assistance | Participate in donors meeting and other promotional activities | Yes |
| | Discuss bilateral arrangements | Yes |

*Source*: National Transitional Government Committee to Review Sanctions on the Log and Timber Trade.

### Concession review

17. As a precursor to resuming activity, an FDA committee is examining all forestry concessions. In their Phase 1 report, FDA concluded that the industry owes $26,725,642 in taxes. A comprehensive audit is necessary to confirm this because many companies disagree with this finding. As at 1 September 2004, only the Mohammed Group of Companies (MGC) has repaid any back taxes ($7,000 out of $2.4 million that FDA claims MGC owes). In Phase 2, the committee recommended cancelling six concessions and further examining others. In Phase 3, the committee

has been expanded to include civil society and international donors, and will review all concessions for violations in the system of allocation of logging areas, failure to pay taxes, and violations of labour and environmental regulations.

**Conclusions**

18. Without sufficient security, timber companies will provide their own protection forces, and conflict could resume. Without financial oversight, misappropriation will facilitate corruption. And without enforcement, timber companies may violate regulations with impunity. To avoid the mistakes of the past, reform is necessary.

19. Although there is widespread compliance with timber sanctions, few of the necessary reforms have been implemented. Therefore, the recommendations contained in previous Panel reports (S/2003/779, S/2003/937 and S/2004/396 and Corr.1) remain valid. The following was provided to the Managing Director of the Forestry Development Authority in August 2004:

20. Paragraph 11 of resolution 1521 (2003) outlines two conditions. The first is that

(a) the National Transitional Government of Liberia establish its full authority and control over the timber-producing areas. This requires the following:

(i) A fully operational FDA, including:

- Functioning regional offices, properly equipped to manage the forest, monitor logging concessions and enforce forest-related laws and regulations
- Appropriately trained and compensated employees, including enforcement officers

(ii) Establishment of log tracking systems to ensure that illegal wood does not enter the legal supply chain. Otherwise, combatants could obtain revenue from illegal logging.

(iii) Access to information to facilitate independent oversight by civil society, including:

- The location and ownership of all concessions — in order to identify legal operations
- How these concessions were awarded — to ensure that only legitimate transactions are conducted
- For each annual coupe (cut block), a map of the location of all commercial species — to establish the volume of wood available for harvest
- Volumes and values of the harvest, production and export of all timber products (processed and unprocessed) by species — to establish what was harvested and how much tax should be assessed
- All tax assessed and paid, including services provided in lieu of taxes — to ensure that all taxes are collected

- All charges and violations, arrests, fines and penalties paid — to determine whether enforcement is practised

(iv) Review of concession ownership and revoking concessions of those who have violated Liberian laws

In view of past complicity by the former FDA administration, this review should include independent, credible entities from civil society and the international community.

(v) To ensure security, the National Transitional Government must assign police officers throughout Liberia and officials to control border crossing and ports.

- In the immediate future, it is unlikely that the National Transitional Government will be able to maintain this level of security, and it will rely on UNMIL
- FDA should coordinate with UNMIL and the United Nations civilian police for the timber checkpoints

(vi) Reliance by logging companies on private security services, as it is likely that security will be insufficient to protect valuable logging equipment in rural areas. In order to ensure accountability of these private forces, they must:

- Not be composed of former militia groups, as was common practice
- Remain unarmed; where armed security is needed the logging companies must procure the protection from the National Police Force
- Receive appropriate training from a credible facility
- Follow best practices on security and human rights

(vii) Establishment by FDA of rural security desks where locals can report cases of abuse by security forces.

(viii) Ensuring by FDA of adequate management and enforcement of the two parks, Sapo and Nimba, in order to establish full control of timber-producing areas that are afforded protection status.

(b) The second condition is that the National Transitional Government take all necessary steps to ensure that government revenues from the Liberian timber industry are not used to fuel conflict or otherwise in violation of the Council's resolutions but are used for legitimate purposes for the benefit of the Liberian people, including development. At present, FDA has not demonstrated a credible ability to ensure that funds are not misappropriated. Therefore, FDA must:

(i) Implement Executive Order No. 2.

(ii) Comply with the Managing Director's promise to employ an independent financial management company.

(iii) Make publicly available an accounting of all sources of revenue and expenditures since October 2003, including taxes and fines from:

- Processing of wood for domestic market
- Charcoal

- Bushmeat
- Any domestic logging, including pit sawing

(iv) Publish a schedule of all revenue flow, including fees and taxes.

(v) Publish enforcement actions taken to prevent illegal logging.

(c) UNMIL and the United Nations civilian police can assist in the following ways:

(i) Monitoring sanctions, especially border crossings, ports, and highways entering Monrovia.

(ii) As probably the largest purchaser of timber at present, UNMIL should institute a purchasing policy to ensure that only legal timber is used for United Nations construction.

## IV. Diamonds

21. The Panel continues to enjoy a positive and constructive relationship with the Liberian Ministry of Lands, Mines and Energy, and commends the Ministry for its cooperation during recent assessments and investigations. The Ministry continues to demonstrate commitment towards satisfying the requirements of the Security Council for the lifting of the current embargo on the export of Liberian rough diamonds.

### Present situation

22. The Panel visited the region during much of August 2004. Initial enquiries were conducted in Sierra Leone to ascertain whether any significant quantities of Liberian rough diamonds were entering that country. At ministerial level in Freetown, as well as among established contacts and informants known to the Panel, there was a broad consensus that illegal Liberian exports of rough diamonds continue to be negligible. This general situation is currently maintained by the poor weather conditions of the rainy season and continued concerns regarding overall security in mining areas, particularly as disarmament remains to be completed in areas traditionally associated with diamond extraction. Furthermore, acute shortages of the necessary equipment required to mine diamonds, in particular pumps and generators, as well as heavier earth-moving machinery, also continue to hamper considerably the attempts of those who would seek to dig and export illegally. The Panel visited the Sierra Leonean border towns of Kenema and Zimmi, but was unable to find any evidence of trade in Liberian rough diamonds.

### Current patterns of mining activity

23. In Liberia, seasonal high water tables continue to keep mining activity at very low levels in the Upper and Lower Lofa regions of Lofa County. However, the Panel learned from sources that some mining was being conducted in more upland areas in Nimba County, particularly in the region of Gbapa. The Panel hoped to conduct an aerial survey of this area to assess broad levels of mining activity. However, severe weather conditions made this impossible. Instead, a ground inspection was undertaken south-west of Gbapa where two mining sites were found and examined.

This was done with the assistance of the Bangladesh Battalion and United Nations civilian police. The sites were photographed and their coordinates noted.

24. The first constituted an approximately 4-hectare site which had been cleared with a bulldozer (one of the very few privately owned, serviceable machines still in the country). This site was not producing: the laterite overburden was intact and any alluvial gravel remained uncovered. The local businessman developing the site, during an interview with Senior Ministry of Lands, Mines and Energy officials at which the Panel was present, argued that he held a valid permit for exploration and digging and was clearing the land in anticipation of the lifting of sanctions in what he believed would be the next 6 to 12 months. It was agreed by the Ministry that, as there is no blanket ban on mining activity in Liberia per se, only on the export of rough diamonds, he was not acting in contravention of any legal restrictions, either under national or international law. Depending on how long the United Nations rough diamond export embargo continues, this situation may require review by the Government of Liberia, particularly if, in the wake of disarmament, and with the onset of the dry season, diamond diggers begin moving back into mining areas in numbers.

25. The second was a much smaller "bucket and spade" operation which had produced some gravel for washing. Its size, and the poor standard of production methods, was broadly consistent with the low levels of "subsistence" mining which continue to occur in more remote parts of the Liberian bush and do not in any way approach levels of production associated with even small-scale commercial alluvial mining. The site was reported to the Ministry of Lands, Mines and Energy, which is currently investigating the case.

26. UNMIL military sources, both at command intelligence level in Monrovia and at field operational level in the interior, were consulted by the Panel for their impressions of current levels of mining. Both groups believed that mining activity remains at very low levels.

### Steps taken by the Government of Liberia towards meeting Security Council requirements

27. Since the previous mandate of the Panel of Experts, the Ministry of Lands, Mines and Energy has submitted an Act amending the new Minerals and Mining Law, part 1, title 23, by adding thereto a new chapter 40, providing for controls on export, import and transit of rough diamonds to the National Transitional Legislative Assembly of Liberia. This legislation was drawn up earlier in 2004 in close cooperation with a director of the Antwerp Diamond High Council who also serves as the Chairman of the Working Group of Diamond Experts (Technical Working Group) of the Kimberley Process. Although its passage was initially stalled by a large backlog of outstanding matters, it was officially passed into law on 26 August 2004.

28. The amendment, broadly considered to be very tight in terms of Kimberley Process compliancy, sets out detailed regulations and requirements for:

Obtaining a Kimberley Process certificate

The import, export and transit of rough diamond consignments

Internal controls on rough diamond production and trade

Data analysis and reporting

Offences

Transitional measures.

29. The legislative process has been complemented by the development of some of the institutional and technical structures required for the successful implementation of the Kimberley Process Certification Scheme. Importantly, the premises of the Ministry of Lands, Mines and Energy have been completely refurbished, and a room set aside for the assaying of gold and the valuation of diamonds. However, this room still requires the weighing, photography and computer equipment necessary for Kimberley compliancy. A lack of funding has prevented the acquisition of the equipment.

**Mining cooperatives**

30. The Government is proceeding with plans for the organization of potentially thousands of miners into cooperatives. Following advice from international consultants, the Government believes that a cooperative system will greatly strengthen the Kimberly Process Certification Scheme by enhancing transparency within the industry. It is also hoped that a cooperative system will increase profits for small-scale diggers. It is intended that the cooperatives will be supported partly by established buying agencies and monitored by the Ministry of Lands, Mines and Energy. An established buying agency will enter into a supplier/buying agreement or contract with each cooperative in order to ensure sustainability. It is proposed that members of a cooperative will appoint a business manager to conduct trading on their behalf directly with the established buying agency. All the transactions will then be monitored closely by the Ministry of Lands, Mines and Energy to ensure greater transparency in terms of the flow of diamonds from the mine to the point of obtaining a Kimberley Process certificate and export. To support this process, the Government has drawn up proposals for establishing training schools for cooperatives. It is further proposed that two cooperative training schools be created in each of the four main geographical regions of Liberia. The establishment of mining cooperatives in the alluvial sector will be carried out in three phases, each lasting four weeks:

*Phase 1*

31. Mobilization of personnel; sensitization; and establishment and development of cooperatives.

*Phase 2*

32. Detailed training; evaluation of by-laws; certification of cooperatives; development of inter-agency working methods and procedures; and inspection of mining claims.

*Phase 3*

33. Delivery of supplies to cooperatives by the buying agencies; and full launch of scheme.

34. The Government estimates that the cost of establishing the cooperative system will be in the region of $900,000. However, at present, it lacks the funding for the implementation of the scheme.

**Internal control**

35. In preparation, the Government has already begun recruiting and training mines inspectors to oversee this scheme, which will be internally controlled by the issue of serialized alluvial sector vendor forms. Broadly, the system will work as follows:

(a) Cooperative business manager acquires serialized vendor forms from Ministry/Kimberley Process database office.

(b) Cooperative business manager conducts trading with buying agent in presence of Ministry Inspector. Ministry Inspector takes copy of transaction to Ministry/Kimberley Process database for production data and verification. Cooperative business manager retains one copy of form.

(c) Buying agent retains one copy of form, presents another copy to exporter to whom he sells goods originally bought from cooperative.

(d) Exporter takes goods to Ministry/Kimberley Process database, where form is verified with the Ministry Inspector's original form. In preparation for export, the Kimberley certification process is then able to commence.

**External control**

36. The Ministry of Lands, Mines and Energy has also begun inviting detailed bids for external valuation contractors which will be central to assessing fairly the correct value of export consignments for taxation purposes. It is likely that an external valuation company will also arrange the necessary valuation training for internal ministry staff. The Panel is aware that one well-established and experienced company has already made a bid for this contract. The Panel expects two or three other international companies to also make bids in the near future.

**Acquisition of Kimberley-compliant certificates of origin**

37. Although the Government has approached a number of printing companies, it has yet to finalize a contract for the manufacture of plates for the printing of Kimberley-compliant certificates, and for the ongoing supply of those certificates to issue to exporters. A lack of available funds has prevented the Government from achieving this key objective.

**Kimberley Process engagement**

38. Following the passing into law of the Kimberley-oriented amendment on 26 August 2004, the Minister of Lands, Mines and Energy, Jonathan Mason, contacted the Chairman of the Kimberley Process Committee, Tim Martin, to arrange a series of meetings which, it is hoped, will culminate in a Kimberley Process assessment mission to Liberia to examine steps taken by the Government towards participation. The Government of Liberia is keen that this should happen as soon as possible (the middle of October had originally been mooted), not least because it believes that a favourable assessment by the Kimberley Process would

make the acquisition of the necessary outstanding funding for full implementation more likely. However, the Kimberley Process has a number of previously arranged assessment missions it is committed to conduct in coming weeks, as well as its annual Plenary Conference scheduled for mid-October in Ottawa. In view of this, the earliest opportunity for a Kimberley Process assessment mission to visit Liberia is likely to be late November 2004, making full compliancy by the end of this year unfortunately an unlikely prospect, particularly given the efforts of the Government of Liberia over the past six months.

**Conclusions**

39. As a consequence of internal insecurity and seasonal weather conditions, alluvial diamond mining in Liberia remains at very low levels. Illegal exports of Liberian diamonds in contravention of Security Council sanctions therefore continue to be negligible. However, given that mining activity is not technically illegal, levels of illegal exports of diamonds may rise as diggers return to mining areas in the wake of disarmament and with the onset of the dry season. It may be necessary for the Government of Liberia to review this situation and introduce temporary controls to prevent an upsurge of illegal smuggling abroad.

40. The Government of Liberia is proceeding well towards meeting the requirements of the Security Council for the lifting of sanctions on the export of Liberian rough diamonds. It has demonstrated commitment and technical expertise towards achieving that goal. However, its biggest obstacle remains funding for the materials and mechanisms necessary for the implementation of the Kimberley Process Certification Scheme. Without direct funding for its proposals, it is unlikely that the Government of Liberia will be able to meet the full requirements necessary for its participation in the Kimberley Process Certification Scheme for some time.

41. In view of the fact that a Kimberley Process assessment will not be conducted before late November, it is extremely unlikely that the Government will be in a position to become a participant in the Kimberley Process Certification Scheme before the end of 2004.